



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 31, 2004

H.R. 4576 **Food Promotion Act of 2004**

As ordered reported by the House Committee on Agriculture on July 22, 2004

Under current law, the U.S. Department of Agriculture (USDA) must require country of origin labels for fish sold in the U.S. by September 30, 2004, and for meat, vegetable, and fruit commodities by September 30, 2006. H.R. 4576 would replace those requirements with a voluntary labeling program. Persons participating in the voluntary program would be required to use a label created by the Secretary of Agriculture and to follow specific requirements and definitions to label food as originating in the United States.

In addition, under the bill, USDA would be required to conduct a nationwide survey during the first year after enactment, and every two years thereafter, to evaluate whether consumers are able to determine the country of origin of fresh fruits and vegetables. Results of the survey and any recommendations for improving consumer awareness of the country of origin of fresh fruits and vegetables would be reported to the Congress. The Secretary would be authorized to assess labeling program participants a civil penalty not to exceed \$10,000 for violations of the terms of the program.

CBO expects that the costs to develop, administer, and enforce either a mandatory or voluntary country of origin labeling program would be similar. Based on information from USDA about the cost of conducting the consumer surveys required under the bill, CBO estimates that implementing this provision would cost \$3 million over the 2005-2009 period, assuming appropriation of the necessary amounts. H.R. 4576 could increase governmental revenues because it would broaden existing authority to assess civil penalties. Based on information from USDA, however, CBO estimates that any increase in revenues would be negligible because of the limited number of violations expected. Enacting H.R. 4576 would not affect direct spending.

H.R. 4576 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Jim Langley. This estimate was approved by Paul R. Cullinan, Chief for Human Resources Cost Estimates Unit, Budget Analysis Division.